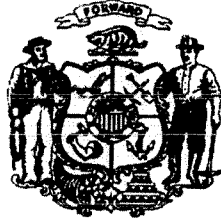


# THE STATE OF WISCONSIN

SENATE CHAIR  
BRIAN BURKE

119 MLK, Room LL1  
P.O. Box 7882  
Madison, WI 53707-7882  
Phone: (608) 266-8535




10a  
ASSEMBLY CHAIR  
JOHN GARD

315-N Capitol  
P.O. Box 8952  
Madison, WI 53708-8952  
Phone: (608) 266-2343

## JOINT COMMITTEE ON FINANCE

Date: February 25, 1998

To: The Members  
The Joint Committee on Finance

From: Dan Caucutt   
Secretary for s.13.10 Actions

Subject: Special Meeting Under s.13.10

The co-chairs have scheduled a special meeting of the Committee under s.13.10 for 9:00 AM, Thursday, March 5. The following matters are on the agenda.

### I. Department of Corrections

The Department requests approval of a contract with Corrections Corporation of America, a private provider, for housing and services for up to 1,200 medium and maximum security inmates in two secure correctional facilities located in Hardeman County, Tennessee. Section 302.25, Stats. require the approval of the Committee or the passage of legislation in order to transfer more than ten inmates to another state.

*Each of the following items was submitted under s.16.515 or another 14 day passive review process and due to objections raised has been scheduled for Committee consideration under s.13.10.*

Department of Natural Resources

- II. Air Management – Asbestos Management Position. Provide 1.0 two year project position to assist the Department of Administration and other state agencies in complying with asbestos regulations in state owned buildings. This was submitted under s.16.515.
- III. Air Management – Recovery of Ozone Depleting Refrigerants Funding. Provide \$18,500 PR in FY98 and \$ 37,000 PR in FY99 to fund two limited term employees for a pilot effort to register non-complying auto salvage yards and appliance salvagers that remove air conditioner freons during the salvaging operation. This was submitted under s.16.515.
- IV. A Stewardship Program Grant of \$993,565 to the Ice Age Park and Trail Foundation for a purchase in Dane County. This was submitted under s.23.0915(4).
- V. A Stewardship Program Purchase of a 360 acre parcel for the Buena Vista Wildlife Area for \$275,400. This was submitted under s.23.0915(4).

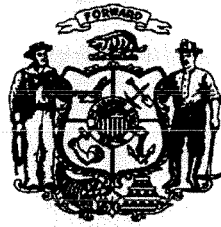
The Legislative Fiscal Bureau will prepare and distribute papers on these topics for members prior to the meeting.

cc: Bob Lang  
Rick Chandler

# THE STATE OF WISCONSIN

SENATE CHAIR  
BRIAN BURKE

119 MLK, Room LL1  
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## JOINT COMMITTEE ON FINANCE

### AGENDA

9:00 a.m., Thursday, March 5, 1998

s. 13.10 Meeting

on the First Floor of 119 Martin Luther King, Jr. Blvd.

- I. Department of Corrections -- Michael J. Sullivan, Secretary
- II. Department of Natural Resources -- George Meyer, Secretary
- III. Department of Natural Resources -- George Meyer, Secretary
- IV. Department of Natural Resources -- George Meyer, Secretary
- V. Department of Natural Resources -- George Meyer, Secretary

**Agenda Item IV**  
**DNR - Ice Age Trail**  
**Stewardship Grant**

*Background:*

DNR wants to give the Ice Age Park & Trail Foundation \$993,565 so they can purchase 93 acres from Vernon Properties in Dane County. (Dane County will be paying most of the rest of the costs of this land purchase, which are significant).

*FB Analysis:*

The stewardship program authorizes \$500,000 annually for acquiring land and matching private donations for the Ice Age Trail.

Residential development has occurred up to the border of this property on at least one side, and a sewer line runs through the property (i.e. soon to be sprawl). If purchased, the land would be part of the statewide Ice Age Trail, and provide picnic and recreational facilities. This area is a critical connection point for two other existing parks and provides a link to the Military Ridge & Capital City Trails.

There is plenty of Ice Age money in the stewardship account. If JFC denies this request, legal action is likely to be commenced against the state (contract law). The appraisals seem to be in order (although the costs per acre were rounded up, and could be reduced somewhat - see p. 4).

Of course, we could just condemn the land and pay less than fair marked value (i.e. for Albers).

*Alternatives:*

**Recommend Alt 1**

(note: Approve the full request. This is the fair market value of the property, and you are helping prevent more land from being lost to sprawl)

(note 2: alt 2 would be ok, but only as a last resort (i.e. is based on real, not rounded, numbers. But, really, in the time JFC has been messing around with this request, the land has probably appreciated to at least the numbers in alt 1)



## **Legislative Fiscal Bureau**

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

March 5, 1998

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Natural Resources: Ice Age Trail (Dane County) Stewardship Grant--Agenda Item  
IV

### **REQUEST**

The Department of Natural Resources (DNR) requests approval to expend \$993,565 from the Warren Knowles-Gaylord Nelson stewardship program for a grant to the Ice Age Park and Trail Foundation for the acquisition of 93 acres of land from Verona Properties in Dane County.

### **BACKGROUND**

#### **Stewardship and Ice Age Trail**

The stewardship program was created in 1989 Act 31 for the purpose of acquiring land to expand recreational opportunities and protect environmentally sensitive areas. The Legislature has authorized \$231 million in general obligation bonding for this purpose over a 10-year period, ending in fiscal year 1999-2000. The law allocates funding among twelve categories of land acquisition and development programs.

The stewardship program authorizes \$500,000 annually for the acquisition of land and the state match of private donations for the Ice Age Trail. The state funds are used to match private funds received from: (a) gifts, grants or bequests; or (b) an amount equal to the fair market value of the land donated for the acquisition or development of the trail. Under statute, the Department is to encourage other state agencies, municipalities, organizations, and individuals to participate in the planning, establishing, developing, and maintaining of the trail.

When the trail is eventually completed, it will roughly follow the terminal moraine left when the last glacier retreated from the state some 12,000 years ago. The trail will extend 1,000 miles: from Potawatomi State Park in Door County, south and then west to Green County, north to Langlade County, and west to Interstate Park in Polk County. Trail corridor planning for Dane, Waukesha, Washington, Portage and Waupaca Counties has been completed. The National Park Service has begun the corridor planning process for Columbia and Sauk Counties.

### **Dane County Ice Age Trail Foundation Grant**

The parcel for which a grant would be given to the Ice Age Trail Foundation is located in the town of Verona in Dane County. The entire parcel proposed for purchase is 117 acres. The property consists of gently rolling uplands which are proposed to be restored to native prairie land. There are no improvements on the property, which is currently being farmed.

The DNR grant would be used to fund approximately one-half of the cost of the purchase of 93 of those acres, which would be preserved for open space as part of the Ice Age Trail Junction Area. Of the remaining acres in the parcel, three would be sold to the city of Madison for roads and 21 acres would be sold to a developer. Dane County will provide a majority of the remainder of the funding to purchase the 93 acre parcel. Dane County staff indicate that the actual amounts to be paid by each of the partners will be determined once the final acreages to be purchased by each is finalized.

The property is currently zoned A-3 agricultural by the local zoning ordinance. The A-3 category is meant to preserve those lands located near developed areas in Dane County for agricultural and open space uses for an unspecified period of time but where urban expansion is inevitable. Urban development is generally deferred in A-3 zoned areas until it is determined that it is feasible to extend public services for non-agricultural and open space uses. Residential development has occurred up to the border of this property on at least one side and a sewer line runs through the property.

If purchased, the parcel would be used as part of the Ice Age Trail Junction Area. The area would serve as a public access point, providing for parking areas, picnic shelters, restrooms and related recreational facilities. This parcel has been identified as critical to the strategic plan for the Junction Area. The Junction Area will also provide a connection between two existing parks, Badger Prairie County Park and Madison's Elver Park. The management plan for the site recommends that the Junction Area serve as a link to the Military Ridge State Recreation Trail and the Capital City Trail. The Dane County Parks Commission has taken on responsibility for managing and maintaining this segment of the Ice Age Trail.

### **Joint Finance Review**

Under s. 23.0915(4) of the statutes, the Joint Committee on Finance reviews all stewardship projects of more than \$250,000. DNR must notify the Co-chairpersons of the Committee in writing of the proposed encumbrance or expenditure. If the Co-chairpersons do not notify DNR

Within 14 working days after the Department's notification that a meeting has been scheduled to review the request, DNR may make the encumbrance or expenditure. If an objection to the project is made, then the Co-chairpersons must schedule a meeting to consider the request. DNR may make the proposed expenditure only with Committee approval.

DNR notification of the grant to the Ice Age Park and Trail Foundation was received by the Co-chairpersons on December 16, 1997. On January 8, 1998, the Co-chairpersons notified DNR that a meeting would be scheduled to review the request.

## ANALYSIS

*Ice Age Trail balance.* The funding for the grant to the Ice Age Park and Trail Foundation would come from the Ice Age Trail component of the stewardship program. Assuming this request is approved and considering other obligations and expenditures, through January of 1998, the Department estimates that there is an unobligated balance of approximately \$1.0 million in this component of stewardship.

*Committee authority.* The Department's original request to the Committee was for approval of the \$288,725 addition to the original grant of \$704,840, which was encumbered in May, 1995, before the Joint Finance review process of stewardship projects over \$250,000 became law. The Department argues that since the original grant of \$704,840 was encumbered before the passive review process became law and that the money has been contractually promised to the Foundation, the original grant does not fall within the review process. However, since s. 23.0915(4) states that the Department may neither "encumber" nor "expend" funding from stewardship on projects over \$250,000 without Committee approval, it appears that the full amount of the grant falls within the Committee's jurisdiction since the Department has not expended any of the funds awarded to the Foundation. This would mean that the Committee could reject the entire expenditure rather than only the \$288,725 addition.

The Department argues that if the Committee rejects the entire grant, that could provide cause for the Foundation to undertake legal action against the Department, since a grant contract between the two was signed and not providing the original funding could be viewed as a breach of contract. If funding from stewardship was not approved by the Committee, the Department would have the option of providing the grant from other (non-stewardship) funding sources, such as reallocating available conservation fund moneys or federal funding if available.

*Appraisals.* Two private appraisals have been completed on the parcel. An April, 1997, appraisal, placed the value of the property at \$2,457,000 (\$21,000 per acre), with residential development being cited as the highest and best use of the property. This appraisal compared the value of the parcel to that of five other sales. Three of the sales were completed between May, 1995, and January, 1997, and two others were accepted offers at the time of the appraisal. These five parcels sold for a price of between \$18,400 and \$27,000 per acre. After making adjustments for sales motivation and development costs, the adjusted price per acre of the five

sales ranged from \$18,400 to \$21,000, with an average per acre sales price of nearly \$20,300. The appraiser concluded that the sales of \$21,000 per acre were most comparable to the parcel under consideration, and used that number for determining the overall value of the parcel.

Another appraisal done in May of 1997 set the value of the property at \$2,500,000. The highest and best use of the land was again identified as residential development. This appraisal also utilized five comparable sales to determine the value of this parcel. Four of the sales were completed between May, 1995, and January, 1997, with the fifth sale being a current option at the time of the appraisal. These five parcels, all of which were zoned for agricultural purposes, sold for a price of between \$17,400 and \$27,700 per acre. Once these sales figures were adjusted for topography and location, the per acre value ranged from \$19,100 to \$22,200, with an average of \$21,100 per acre. The appraiser placed the value of this parcel at \$21,000 per acre (\$2,457,000 total), and rounded up for a total value of \$2.5 million (\$21,367 per acre). The Department accepted the May, 1997, appraisal as the official appraisal.

Dane County staff indicate that the negotiated price of the parcel has increased to \$2,659,000 (\$22,726 per acre) since the Foundation requested the additional grant authority from DNR, but that the DNR grant would still be limited to 50% of the 1997 appraised value of the property rather than any additional amounts needed to finalize the sale.

The Department would provide a grant for half of the appraised fair market value of the 93 acres of property actually being utilized for the Ice Age Trail. Valued at \$21,367 per acre, the total cost of the 93 acres would be \$1,987,131, half of which is \$993,565 (as requested). Both appraisals, however, set the value of the parcel at \$21,000 per acre. The official Department appraisal has a value of \$2.5 million because the appraiser chose to round up from \$2,457,000 in setting the final value. Thus, the appraised value of the 93 acres for which the Department is making the grant would arguably be \$1,953,000, half of which would be \$976,500. The Committee could reduce the grant amount by \$17,065 in recognition of the actual appraised value of the property.

*Zoning and property value issues.* It could be argued that the price being paid for the property is too high, given that the land is currently zoned as agricultural and the city has indicated that part of the land would be maintained as green space in the absence of the purchase by the Ice Age Trail Foundation. As a result of the green space designation, the overall value of the entire 117 acre parcel might decrease, because part of it would not be able to be developed in the short term and therefore the value from its highest and best use would not be immediately realized. Thus, it could be seen as unnecessary for the state to be providing funding for a grant to maintain land in the state in which it would likely be kept, at least in the short term, in the absence of the grant.

Conversely, it could be argued that the fair market value of the land has been determined by two different private appraisers to be approximately \$2.5 million dollars. Neither the DNR nor local governments intend to use eminent domain to condemn the property for use in the Ice Age Trail. However, it should be noted that in condemnation proceedings, providing less than



the fair market value for the land could be considered a taking without just compensation in violation of the Fifth and Fourteenth Amendments to the U.S. Constitution. Further, under s. 32.09(5)(b) of Wisconsin Statutes, any increase or decrease in the fair market value of property caused by any public improvement for which property is acquired, or the likelihood that the property would be acquired for such an improvement, may not be taken into account in determining just compensation for the property. In this case, that would indicate that a green space designation by the local government should not be taken into account in determining the value of the Verona Properties parcel.

DNR and Dane County further argue that the land cannot be purchased at less than the fair market value of approximately \$2.5 million. If the landowners refuse to sell to the Foundation and the Ice Age Trail Junction is eventually reconfigured, this property may be rezoned (at least in part) for residential development at some future date.

*Magnitude of grant.* In addition, the size of the grant may be of some concern. The Ice Age Trail component of stewardship is allocated \$500,000 per year in bonding, or a total of \$5 million over the ten years of stewardship as provided under current law. Thus, this single grant for \$993,565 represents nearly two years worth of funding allocated under stewardship for the Ice Age Trail, or 20 percent of the ten-year allocation for the Ice Age Trail.

It could be argued that the money proposed to be expended for this grant could be better spent acquiring less costly parcels in other counties along the Ice Age Trail so as to maximize the purchasing power of the allocated bonding. However, Dane County is among the fastest-growing counties in the Ice Age Trail corridor. Thus, it could be argued that stewardship bonding would best be utilized to acquire those parcels of land for the trail which might become unavailable in the near future due to development pressures. Full development of the trail could be hampered because of the high cost or unavailability of land in more developed counties.

Further, the current grant arrangement meets the statutory requirements for the Department to encourage other municipalities and organizations to participate in the establishment and development of the Ice Age Trail. Without the partnership between DNR, Dane County, the Ice Age Trail Foundation, the city of Madison, and the private developer, the Department would have to pay the entire \$2.6 million in order to acquire the parcel, as well as the subsequent costs of developing and maintaining the Ice Age Trail Junction. Thus, it could be argued that, while the magnitude of the grant is large, the state is using the money to leverage other funding to the advantage of all parties involved.

*Deadlines.* Dane County staff indicate that the option to purchase the land at its current price is dependent on the landowner's willingness to accept that amount as the final offer. DNR has set a deadline of June 30, 1998, for expending this grant. However, DNR staff indicate that if the parties to the grant are still negotiating the final details, the Department typically will extend the grant deadline.

If the Department is not allowed to make the grant, the \$993,565 that would otherwise have been provided would revert to the unobligated balance of the Ice Age Trail category of stewardship. Dane County staff indicate that if the grant is not provided, they would not be able to provide the remaining funding necessary to finalize the purchase at the currently negotiated price.

## ALTERNATIVES

1. Approve the DNR request to expend up to \$993,565 for a grant to the Ice Age Park and Trail Foundation for the acquisition of 93 acres of land from Verona Properties in Dane County.
2. Authorize DNR to expend up to \$976,500 for a grant to the Ice Age Park and Trail Foundation for the acquisition of 93 acres of land from Verona Properties in Dane County. *- OK BUT NOT GREAT*
3. Authorize DNR to expend the original grant award of \$704,840 to the Ice Age Park and Trail Foundation for the acquisition of 93 acres of land from Verona Properties in Dane County. *- NO*
4. Deny the request (no expenditure of stewardship funds for this grant would be approved). *- NO*

Prepared by: Russ Kava

MO# Alt 1

BURKE	<u>Y</u>	N	A
DECKER	<u>Y</u>	N	A
JAUCH	<u>Y</u>	N	A
SHIBILSKI	<u>Y</u>	N	A
COWLES	Y	<u>N</u>	A
PANZER	Y	N	<u>A</u>
SCHULTZ	Y	<u>N</u>	A
ROSENZWEIG	<u>Y</u>	N	A
2			
GARD	<u>Y</u>	N	A
OURADA	<u>Y</u>	N	A
HARSDORF	<u>Y</u>	N	A
ALBERS	Y	<u>N</u>	A
PORTER	Y	<u>N</u>	A
KAUFERT	<u>Y</u>	N	A
LINTON	<u>Y</u>	N	A
COGGS	<u>Y</u>	N	A

AYE 11 NO 4 ABS 1

Senator Schultz  
Representative Albers

## NATURAL RESOURCES

### Ice Age Trail (Dane County) Stewardship Grant

#### Motion:

Move to authorize DNR to expend up to \$630,000 from the Warren Knowles-Gaylord Nelson stewardship program for a grant to the Ice Age Park and Trail Foundation for the acquisition of 93 acres of land from Verona Properties in Dane County.

#### Note:

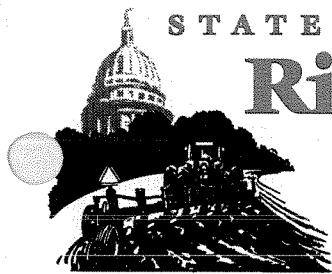
This amount would allow for the purchase of 30 acres of land at the appraised market value of \$21,000 per acre. The other trail partners would have to provide the remainder of funds if they chose to purchase the 93-acre parcel for the trail (approximately \$1.3 to \$1.5 million).

MO# \_\_\_\_\_

BURKE	Y	<input checked="" type="radio"/> N	A
DECKER	Y	<input checked="" type="radio"/> N	A
JAUCH	Y	<input checked="" type="radio"/> N	A
SHIBILSKI	Y	<input checked="" type="radio"/> N	A
COWLES	<input checked="" type="radio"/> Y	N	A
PANZER	Y	N	<input checked="" type="radio"/> A
/SCHULTZ	<input checked="" type="radio"/> Y	N	A
ROSENZWEIG	Y	<input checked="" type="radio"/> N	A
GARD	<input checked="" type="radio"/> Y	N	A
OURADA	Y	<input checked="" type="radio"/> N	A
HARSDORF	<input checked="" type="radio"/> Y	N	A
2 ALBERS	<input checked="" type="radio"/> Y	N	A
PORTER	<input checked="" type="radio"/> Y	N	A
KAUFERT	Y	<input checked="" type="radio"/> N	A
LINTON	Y	<input checked="" type="radio"/> N	A
COGGS	Y	<input checked="" type="radio"/> N	A

AYE 6 NO 9 ABS 1

Motion #204



STATE REPRESENTATIVE

**Rick Skindrud**

**Committee Assignments:**  
Chair, State Affairs Committee

**Member:**  
Agriculture Committee  
Insurance Committee  
Small Business Committee  
Tourism Committee  
Governor's Council on Tourism

March 11, 1998

Hand Delivered

To: Members  
Joint Finance Committee

From: Rick Skindrud  
State Representative  
79<sup>th</sup> Assembly District

Subject: Ice Age Trail Stewardship Grant.

I call to your attention the Department of Natural Resources request to expend \$933,565 from the Warren Knowles-Gaylord Nelson stewardship program for a grant to the Ice Age Park and Trail Foundation for the acquisition of 93 acres of land in my district. The land in question is located in the Town of Verona in Dane County. The land is unimproved and consists of gently rolling uplands.

Acquisition of this land is important for completion of the Ice Age Trail. This land will serve as parking areas, picnic shelter sites, restroom sites, and the like, for the Ice Age Trail. Also, this land will help serve as a connection between Badger Prairie County Park in Dane County and Elver Park in Madison. Most importantly, this project will help provide a green space buffer between Madison and Verona.

For these reasons, I respectfully ask for your support of the Department of Natural Resources request to expend \$993,565 from the Warren Knowles-Gaylord Nelson stewardship program for a grant to the Ice Age Park and Trail Foundation for the acquisition of 93 acres of land in the Town of Verona in Dane County. Expansion of recreational opportunities through acquisition of land is too important to not grant this request.

Serving the Seventy-Ninth. New ideas for a new future...

**Office:** P.O. Box 8953, State Capitol • Madison, WI 53708-8953  
(608) 266-3520 • Fax: (608) 266-7038 • Rep.Skindrud@legis.state.wi.us  
**District:** 1261 LaFollette Road • Mt. Horeb, WI 53572 • (608) 832-4843



IN REPLY REFER TO:

L6017(IATR)

March 4, 1998

## NATIONAL PARK SERVICE

Ice Age, North Country, and  
Lewis and Clark National Trails  
700 Rayovac Drive, Suite 100  
Madison, Wisconsin 53711

Honorable Brian Burke  
Co-Chair, Joint Finance Committee  
Wisconsin State Legislature  
P.O. Box 7882  
Madison, Wisconsin 53707

Dear Senator Burke:

We understand that the Joint Finance Committee will be considering a proposed expenditure of Stewardship Funds for the purchase of lands in Dane County for the Ice Age National Scenic Trail (NST). This land transaction, like the many others that have or will occur along the route of the trail, is very important to the progress toward completion of the trail. The National Park Service would like to urge you and your colleagues to approve the expenditure of Stewardship Funds.

We understand a major concern is the price of the lands proposed for purchase with Stewardship Funds. Certainly land values are higher near urban areas, but these are also the locations where the trail and surrounding lands will be the most utilized and highly valued by neighboring communities. Lands with these values will be encountered in a number of areas along the trail in southern and southeastern Wisconsin. If they cannot be purchased with the assistance of the public funding dedicated to the trail, then there is little hope that the trail can be completed, and the efforts by many communities and citizen volunteers will go unrewarded because of the inability to establish and protect critical linkages. Land values are unlikely to come down by waiting for another day, and development could preclude purchase at any price. The Dane County Parks Department, Wisconsin Department of Natural Resources, and Ice Age Park and Trail Foundation have been unsung heroes working tirelessly to establish and protect this national treasure for the benefit and enjoyment of present and future generations.

The 1,000-mile Ice Age NST was begun as a citizen effort 40 years ago. In 1980, it was designated a National Scenic Trail, and 8 years later as a State Scenic Trail. As a National Scenic Trail, its recognition as one of the nation's major trails is increasing. It is part of the National Trails System, a family of 20 long distance trails whose members include the Pacific Crest Trail, Lewis and Clark Trail, Oregon Trail, Iditarod Trail, and the world-renowned Appalachian Trail.

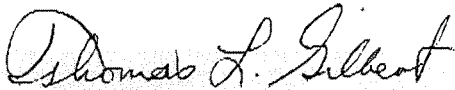
The National Trails System is intended to be a network that provides the public with outstanding recreation experiences, and preserves and enhances the scenic, natural, and historic features of the areas through which these trails pass. It is also clear from the legislation that Congress intended them to connect with communities, providing close-to-home recreation opportunities.

Completion of the segment of the Ice Age NST between Madison and Verona, along which the Verona Properties tract lies, is becoming increasingly challenging due to rapid urbanization. Purchase of the land for the Ice Age NST would allow the trail to be continuous from Prairie Ridge County Park along County PB to Wood Road, west of the University Ridge Golf Course, a distance of approximately 9 miles. Geologically this portion of the trail is very significant because it follows the terminal and recessional moraines whose elevations provide outstanding views of both the glaciated and unglaciated landscape of southern Wisconsin. An expansive prairie, as big as the university arboretum's, is also being restored in the Ice Age Trail Junction Area by the Dane County Parks Department. The National Park Service is providing financial assistance to the county for this project through our Challenge Cost Share Program.

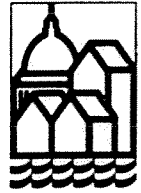
The Ice Age NST is not the only public project that would benefit from this purchase. The Verona Properties tract is an essential piece in a cluster of projects that interface in the southwest corner of Madison and Verona, including Badger Prairie County Park, Military Ridge State Trail, Verona's recreation and greenway system, Elver Park in the city of Madison, and the Ice Age NST. It is the link that would allow hikers and bikers to cross County PD to reach Elver Park. This would connect the City of Madison with recreation opportunities in southwest Wisconsin, as well as allow the Ice Age NST to continue northwest toward the University Ridge Golf Course and the Cross Plains Ice Age National Scientific Reserve.

The National Park Service appreciates the long-standing support of the State Legislature for the Ice Age NST as evidenced by the dedicated funding in the Stewardship Program, designation as a State Scenic Trail, and many other related actions. We encourage the committee to commit these dedicated funds to help purchase this important link in the Ice Age Trail and the greenspace serving the citizens of Dane County.

Sincerely,



Thomas L. Gilbert  
Superintendent



## COUNTY OF DANE

Kathleen M. Falk, County Executive

## CITY OF MADISON

Susan J. M. Bauman, Mayor

March 3, 1998

Representative Sheryl Albers  
Room 127 West, State Capital  
Madison, Wisconsin 53702

Dear Representative Albers:

Thank you very much for your letter regarding the Stewardship Grant which will fund the purchase of the Verona Properties, a key link in the Ice Age Trail. We appreciate the intelligence and fairness of your questions and your openness to considering the information we are providing you. We hope that our staff can provide you more information and answer any other questions you might have.

Your letter of February 25 identifies many of the complexities of acquiring land in an urbanizing area. The first of these complexities and the most fundamental is the statutory requirement that we pay fair market value for the land we purchase. This requirement is found in Chapter 32 of the Wisconsin Statutes. To that end, we take to heart 32.09 (b), Wis. Stats.:

(b) Any increase or decrease in the fair market value of real property prior to the date of evaluation caused by the public improvement for which such property is acquired, or by the likelihood that the property would be acquired for such improvement, other than that due to the physical deterioration within the reasonable control of the owner, may not be taken into account in determining the just compensation for the property. (emphasis added)

Keeping that statute in mind, it is, as you indicated, important to take all land use planning issues into perspective when considering the fair market value of the Verona Properties. Several governmental bodies, through various planning exercises, have included the Verona Properties parcel in their plans. In December of 1992, the Natural Resource Board approved the Dane County Ice Age Trail Corridor. This approval initiated the use of Stewardship Funds for Ice Age Trail purchases in Dane County. The Verona Properties was included in that plan.

In 1993, the Dane County Board of Supervisors and the Dane County Executive approved the Ice Age Junction Resource Protection Plan. This plan established priorities for the county's acquisition program. The DNR plan and the county plan were nearly identical as they relate to

protecting land for the Ice Age Trail.

In 1996, the City of Madison and the City of Verona entered into an annexation agreement which established the parameters for urban expansion for each municipality. This agreement recognized the open space initiatives of the state and the county and recommended a similar open space corridor generally in the location shown on the other plans and subject to the preparation of a detailed Neighborhood Development Plan for this area.

In 1997, the City of Madison refined its local planning by approving the High Point Road Neighborhood Development Plan. This plan includes specific areas in the region that will be developed, the type of development that will be allowed, and the areas which will be acquired for park and open space purposes. In this plan, approximately ninety-four acres of the Verona Properties are designated for park land or greenway acquisition, seventeen acres will support single family residential development; the remainder is designated for roadway. This plan also reiterates the open space boundary established by the state and the county in their respective plans and recommends acquisition responsibilities. The City of Madison's planners have indicated that if the land is not preserved as open space through acquisition, that the next most feasible recommendation for the future use of this property would be for most of it to be developed with residential uses.

Most recently, the City of Madison has requested an expansion of the Urban Service Area which will bring the Verona Properties parcel within the area served with city services. This request also reiterates the acquisition boundary for the Ice Age Trail.

These extensive, extremely well publicized planning processes and outcomes demonstrate local governments' interest in acquiring a portion of the Verona Properties for the Ice Age Trail. It also establishes that the property was to serve as a critical link in the Ice Age Trail through a rapidly developing area which was planned to receive more development. Finally, the statute referenced above clearly states that the plan to acquire the Verona Properties parcel cannot influence the appraised value of the property. The appraiser, in appraising the Verona Properties parcel, then had to take into account both the statute and the government plans when considering the highest and best use for the property and, subsequently, its value.

The conclusion of the appraiser is that, if not for the governments' desire to buy this land for the Ice Age Trail, the land would be annexed to the City of Madison and developed for single family residential use. The facts that support this conclusion are as follows:

1. A portion of the property is designated for residential development.
2. Municipal sewer extends through the length of the property.
3. The adjoining lands to the north, east, and south have previously been annexed to the City of Madison and portions of these lands are recommended for residential development.
4. Lands to the north, east and south have all recently been purchased by developers.



5. The city's transportation plans, specifically the extension of High Point Road and many of the local streets, can be extended into the Verona Properties parcel.

6. The city is proposing an expansion of the Urban Service Area which includes the Verona Properties parcel.

Regarding Point 4, we have attached an aerial photograph which shows these recent acquisitions to the north, west, and south of the Verona Properties and the costs of those on a per acre basis. The grant in question is based on an appraised price of \$21,000 per acre, well within the range of the market prices for those nearby parcels.

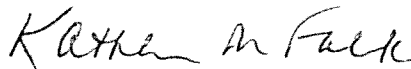
We believe that, without question, the Verona Properties land is developable, and that the only reason the property is not being developed is because government wants most of the land for a public purpose. We also believe that state law requires that we compensate the landowners justly when we buy the land for a public purpose. To that end, the county's appraisals conform with state law and accurately represent the fair market value for the property.

You have also asked what will happen to the parcel if the Ice Age Trail Foundation fails to receive this grant. Dane County has committed approximately \$1 million to this acquisition, out of an annual park acquisition budget which averages \$1 million and in 1998 contains \$1.3 million. The City of Madison has spent almost \$200,000 to acquire property linking the Verona Properties to Elver Park. Neither local government has any more significant resources to contribute to this project. We cannot pursue this acquisition if the grant is stopped.

Thank you again for your inquiry about the property and your willingness to seek additional information before you make your decision. The Ice Age Trail is a national treasure that Dane County and Madison are helping to complete with significant local resources in partnership with Stewardship grants. The Stewardship Fund was created to strengthen those projects and give the state the capacity to take on big projects such as protecting the Dells or the Chippewa Flowage or completing this region's greatest trail, the Ice Age Trail. Please support us in this effort.

Please feel free to contact us for further information.

Sincerely,



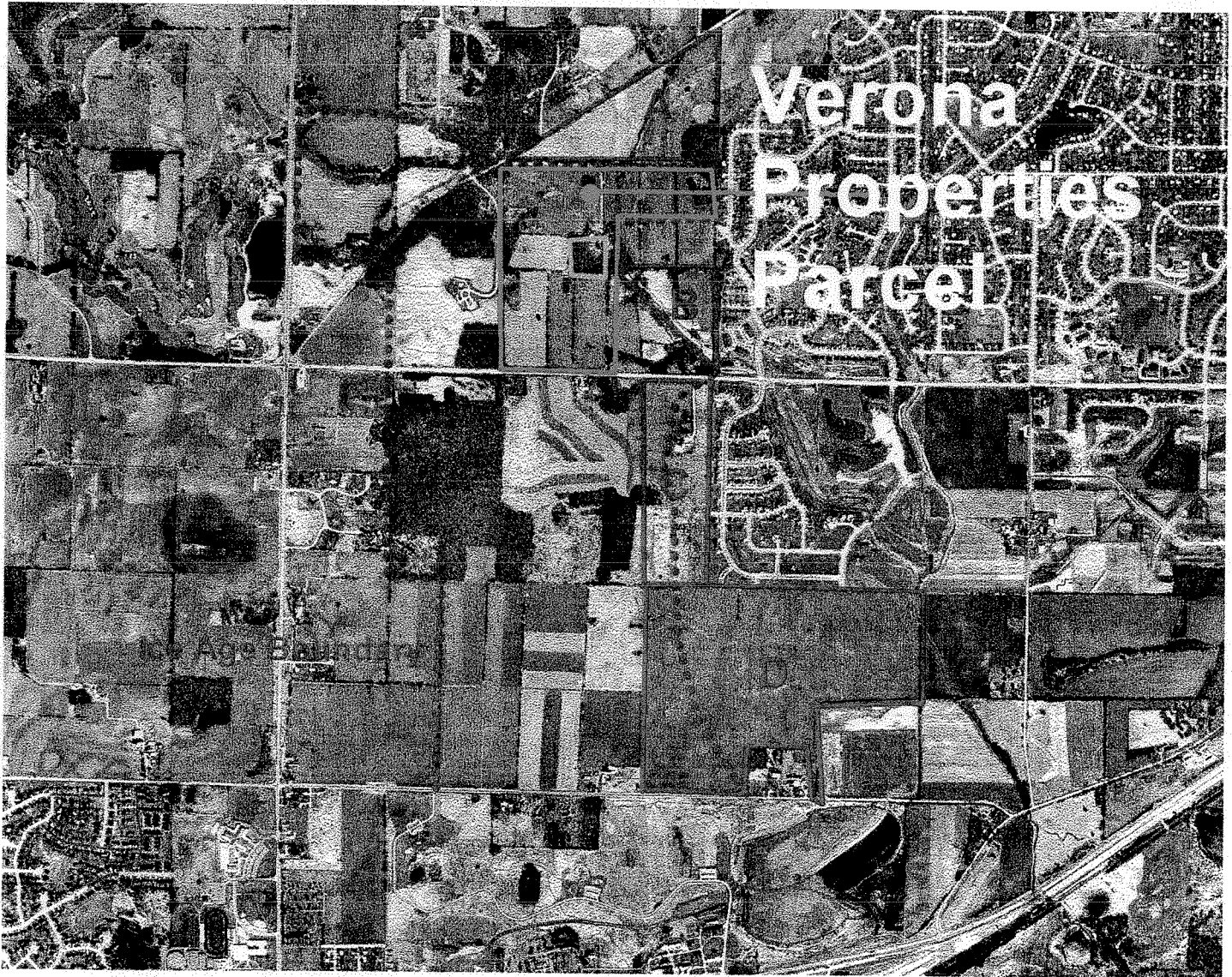
Kathleen M. Falk  
Dane County Executive



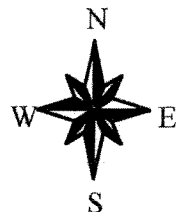
Susan J.M. Bauman, Mayor  
City of Madison

Enclosures

# Recent Real Estate Transactions Affecting the Verona Properties



- A. Eldred Olson to Scott Flemming,  
21 acres @ \$20,000 per  
acre (1996).
- B. Wisconsin Capital Land  
Fund to Midland Builders,  
15 acres @ \$20,000  
per acre (closing pending).
- C. Lyle Hill, Bob Tramburg, Georgene  
Nolan to Midland Builders, 41.15  
acres @ \$27,000 per acre (1997).
- D. James J. Van de Grift Trust to  
Midland Builders, 160 acres @  
\$21,000 per acre (closing pending).



NATURAL RESOURCES

Section 16.515 Request Related to  
Air Management, Recovery of Ozone-Depleting Substances

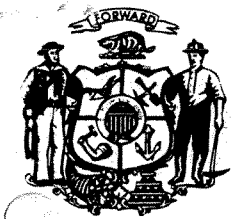
Motion:

Move to provide \$7,400 PR in 1997-98 and \$23,800 PR in 1998-99 on a one-time basis for limited-term employees in the CFC appropriation. In addition direct the Department of Natural Resources to: (a) immediately allocate the currently-authorized 2.0 FTE positions in the ozone-depleting refrigerant appropriation (chloroflorocarbons or CFCs) to CFC activities; and (b) maintain allocation of the authorized 2.0 CFC positions to CFC activities.

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Note:

The motion would adopt Alternatives A3 and B2 and require DNR to fully allocate the currently-authorized 2.0 FTE to CFC activities. Currently, DNR is allocating 20% to 50% of one CFC position to other air management activities related to reducing the backlog of new source permit applications. The motion would require DNR to fully-allocate the 2.0 authorized CFC-funded positions to CFC program activities and to maintain that allocation.



STATE OF WISCONSIN  
DEPARTMENT OF ADMINISTRATION  
101 East Wilson Street, Madison, Wisconsin

TONIMY G. THOMPSON  
GOVERNOR  
MARK D. BUGHER  
SECRETARY

Mailing Address:  
Post Office Box 7864  
Madison, WI 53707-7864



**Date:** February 23, 1998  
**To:** Members, Joint Committee on Finance  
**From:** Mark D. Bugher  
Secretary

**Subject:** Section 13.10 Request from the Department of Corrections relating to contacting with a private prison

### Request

The Department of Corrections (DOC) requests the approval of the Joint Committee on Finance under section 13.10 of the Statutes to enter into a contact with the Corrections Corporation of America (CCA), a private provider, for housing and services for up to 1,200 medium and maximum security inmates at two secure correctional facilities located in Hardeman County, Tennessee at \$42 per day.

### Background

Prior to the passage of 1997 Act 27 DOC was limited to contracting with other states or the federal government to house Wisconsin prisoners. Act 27 created section 301.21(2m) allowing DOC to contract with private providers in another state. Section 302.26 of the statutes requires the approval of all corrections contracts by the Joint Committee on Finance or the Legislature if the contract involves the transfer of more than 10 prisoners in any fiscal year.

DOC currently has multiple contracts with counties in Texas, which as of February 13, 1998 houses 698 Wisconsin Inmates. DOC also has a contact with the federal government which currently houses 144 inmates.

As of February 13, 1998, DOC has an adult male inmate population of 14,251. All are housed in Wisconsin prisons except for 1,430 housed in Wisconsin jails, federal prisons and Texas jails. Under the current operating capacity of 9,223 beds for adult males, Wisconsin prisons are operating at 139% of capacity.

### Analysis

DOC requests approval of a contract with CCA of Nashville, Tennessee, a private prison provider, to house and provide correctional services for up to 1,200 Wisconsin inmates in two facilities in Hardeman County, Tennessee. The contract covers a period of one year at a per diem of \$42 for the first year with an option to renew for 2 additional one-year periods. The per diem would be subject to negotiation under the renewal option.

DOC selected this contract with the CCA as a result of a competitive process that included proposals from 5 other providers.

February 23, 1998

The contract provides for the transfer of inmates to the CCA facilities in accordance with the following schedule:

	<u>Facility</u>	<u>Inmates</u>
February, 1998	Hardeman 1	200
March, 1998	Hardeman 1	200
July, 1998	Hardeman 2	400
August, 1998	Hardeman 2	400
Total		1,200

The contractor will provide confinement, care, treatment and rehabilitation for medium and maximum custody male inmates in accordance with federal, state and local laws and American Correctional Association (ACA) standards. Additionally, the contractor will provide transportation to the CCA facility and locally for medical and other services. The contractor will provide return transportation to Wisconsin for groups of 10 or more inmates. DOC agrees to provide transportation for groups of less than 10 inmates back to Wisconsin as needed. The contract provides but is not limited to the following scope of services:

- Preparation and maintenance of all pertinent records and appropriate reports
- Clothing, hygiene and linen supplies
- Medical, mental and dental health care services delivered by licensed health care staff. Licensed staff includes: physician (both primary care and psychiatrist), registered nurse(s), dentist and dental hygienist. Health care will meet American Medical Association (AMA) and National Committee on Correctional Health Care (NCCCHC) standards.
- Food services with modified diets for inmates with medical or dental conditions
- On-site and video visitation for families and friends
- On-site and video conference facilities for administrative, probation, parole, attorney-client or judicial proceedings
- Training and employment programming for each inmate
- Education programming including Adult Basic Education and GED testing
- Law library resources equivalent to, or the same as, DOC institution inmates
- Religious services for all recognized faith groups
- Recreational, library and leisure skills activities
- Drug and alcohol testing
- Laundry, commissary and mail services
- Inmate grievance procedure
- Indemnification, insurance and defense of claims

Although ACA accreditation was not a requirement as part of the RFP evaluation, CCA manages all of its facilities in accordance with ACA standards. The goal of ACA standards is to establish the principles, policies and procedures necessary to maintain correctional facilities that are safe, humane, efficient and effective.

In comparison to the contract that DOC currently has with Texas county jails, this contract provides equal or greater services at \$42 per day, which is slightly lower than the cost in Texas jails. The contract cost for beds in Texas is \$39.96 per day; however, additional medical costs and transportation are not included in the Texas

February 23, 1998

contract. These additional costs are funded by DOC at \$2.71 per inmate per day for a total cost of \$42.67 per day to house an inmate in a Texas jail.

The cost of \$42 per day or \$15,330 annually per inmate under the CCA contract compares to approximately \$58 per day or \$21,170 annually that DOC currently pays for county jail beds in Wisconsin, which excludes the cost of medical services, transportation and administration. It should be noted for comparison that the Kettle Moraine Correctional Institution, the lowest cost institution in the Wisconsin system, operated at \$44.23 per day or \$16,144 annually in FY97.

The projected cost of this contract is \$2,772,000 in FY98 and \$17,874,800 in FY99. DOC has sufficient funding in its appropriation for contracts to cover the cost in FY98. It is anticipated that in FY99 DOC will request a supplement from funds set aside in reserve in s. 20.865(4)(a) for additional contract beds to cover the cost of this contract.

#### **Summary**

DOC is seeking approval of a contract with a private correctional facility, which will provide 1,200 additional beds to help relieve the overcrowded condition in Wisconsin prisons. At a per diem of \$42, the contract provides comprehensive correctional services at a lower cost than any other jail or state or federal institution. Approval of this contract should be expedited to prevent the beds from being offered to other potential customers of the vendor.

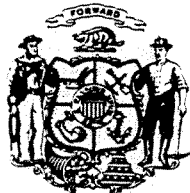
#### **Recommendation**

Approve the contract as requested by Department of Corrections.

Prepared by: Roger Fetterly  
266-2213

Tommy G. Thompson  
Governor

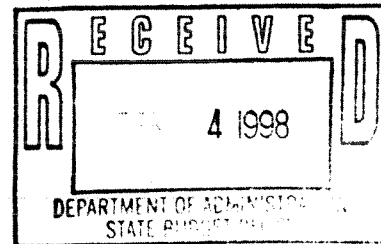
Michael J. Sullivan  
Secretary



Mailing Address  
149 East Wilson Street  
Post Office Box 7925  
Madison, WI 53707-7925  
Telephone (608) 266-2471

## State of Wisconsin Department of Corrections

February 4, 1998



**TO:** Honorable Brian Burke, Co-Chair  
Joint Committee on Finance

Honorable John Gard, Co-Chair  
Joint Committee on Finance

**FROM:** Michael J. Sullivan, Secretary  
Department of Corrections

A handwritten signature in cursive script that reads 'Michael J. Sullivan'.

**RE:** S. 13.10 Request

The Department of Corrections (DOC) requests approval of the attached contract with Corrections Corporation of America (CCA), a private provider, for housing and services for up to 1,200 medium and maximum security inmates in two secure correctional facilities located in Hardeman County, Tennessee, at a rate of \$42 per day. In FY 98, up to 400 inmates will be transferred to Hardeman 1 facility. In FY 99, up to 800 inmates will be transferred to the Hardeman 2 facility. The statutes (sec. 302.26, Stats.) require the approval of the Committee or the passage of legislation in order to transfer more than ten inmates to another state.

### Background

Due to crowding in the adult institutions, 1997 WI Act 27, Section 3830r. created sec. 301.21(2m), Stats., to provide authority for the department to enter into one or more contracts with a private person for the transfer and confinement in another state of prisoners who have been committed to the custody of the department.

Pursuant to sec. 301.21 (2m) (a), Stats., the Department of Corrections issued a Request for Proposal (RFP) on November 13, 1997, seeking proposals from private prison contractors to house up to 1,500 Wisconsin prison inmates out of state. After receiving, evaluating, and scoring several proposals, on December 3, 1997, the Department issued a notice of intent to contract with the Corrections Corporation of America for inmate housing.

The contractor is required to provide for confinement, care, treatment, and rehabilitation for medium and maximum security adult males. The contractor also agrees to provide mental health, medical and dental care, and transportation for any groups of ten or more inmates both to and from Wisconsin.

There is some urgency in your consideration of this request. CCA has 200 beds available in February and 200 in March that they are holding open for us at a very favorable rate. The department does not want to jeopardize its chances of obtaining those sorely needed beds. Thus, if the Committee could consider approval of the contract before the end of February it will be very much appreciated.

### **Plan and Budget**

The department estimates that it has sufficient funds in Appropriation 114 to pay for the Hardeman County beds in FY 98. However, it will be necessary to return to the Joint Committee on Finance to request transfer of funds retained in 20.865(4)(a) in FY 99.

### **Summary**

The Department of Corrections requests approval of a contract with the Corrections Corporation of America, a private provider, to house up to 1200 medium and maximum adult male inmates in Hardeman County, Tennessee, at a daily rate of \$42.00.

Attachment